



2014/15 FISCAL YEAR BUDGET PRESENTATION

BOARD OF TRUSTEES MEETING

JUNE 10, 2014

DISCUSSION OVERVIEW

- 2014/15 Fiscal Year Budget
- Multiple-year Budget Projection
- Cash Flow
- Reserves
- Common Core Spending Plan
- Budget Biggies
- Budget Deficit Elimination Plan
- Fiscal Solvency Statement
- Timeline/Next Steps



ASSUMPTIONS



	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
State Budget Info						
Statutory COLA	1.565%	0.85%	2.10%	2.30%	2.50%	2.60%
Gap Funding Rate	11.780%	28.05%	33.95% 30.39%	21.67% 19.50%		
STRS-PERS						
CalSTRS Rate	8.25%	9.50%	11.10%	12.70%	14.30%	15.90%
CalPERS Rate	11.44%	11.77%	12.60%	15.00%	16.60%	18.20%
CalSTRS Increase		\$948,715	\$1,107,290	\$1,133,205	\$1,159,120	\$1,185,034
CalPERS Increase		\$118,771 \$118,771	\$159,403 \$159,403	\$441,322 \$441,322	\$302,879 \$302,879	\$306,260 \$306,260
Combined Increase		\$1,067,486	\$1,266,693	\$1,574,527	\$1,461,999	\$1,491,294
Cumulative Increase			\$2,334,179	\$3,908,706	\$5,370,705	\$6,861,999
District Info						
Enrollment	14,501	14,447	14,397	14,347	14,347	14,347
P-2 ADA	13,905	13,833	13,785	13,737	13,737	13,737
Change	(60)	(72)	(48)	(48)	(0)	0
Total LCFF Funding	\$105.7	\$113.5	\$120.8	\$124.4		

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2014/15 GENERAL FUND COMBINED BUDGET



Revenues		\$135,794,751
Expenditures		
Certificated Salaries	\$63,803,413	
Classified Salaries	18,663,915	
Benefits	29,319,164	
Books & Supplies	6,160,528	
Services & Other	12,651,848	
Capital Outlay	531,867	
Other Outgo	9,737,309	
Transfers	<u>(53,943)</u>	
Total Expenditures		\$140,814,101
Excess (Deficiency)		(5,019,350)
Other Sources/Uses (\$805,177 - \$299,753)		505,424
Net Increase (Decrease)		(\$4,513,926) 4



2014/15 GENERAL FUND ENDING BALANCE COMPONENTS



Beginning Fund Balance	\$15,725,062
Net Increase (Decrease)	(4,513,926)
Total Ending Fund Balance	\$11,211,136

Components of Ending Balance

Revolving Cash, Stores, Prepaid	\$ 361,757
Legally Restricted	1,213,745
Other Designations	5,194,082
3% Reserve for Economic Uncertainty	4,233,416
Unrestricted/Unassigned/Unappropriated	208,136
Total Ending Fund Balance	\$11,211,136

See Handout – 2014/15 – Budget Summary and Comparison

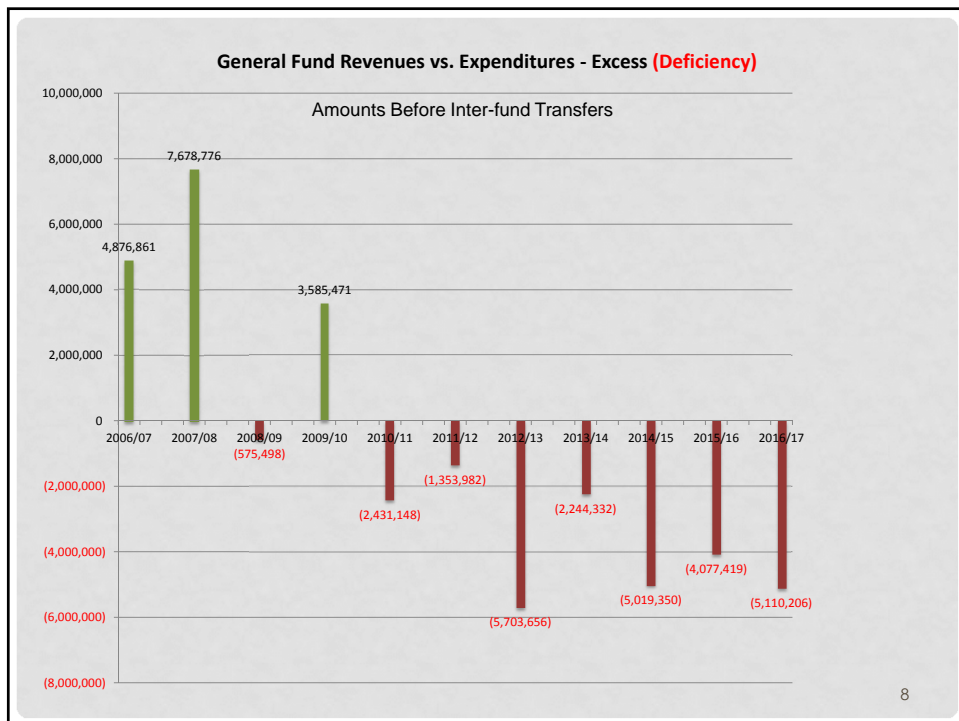
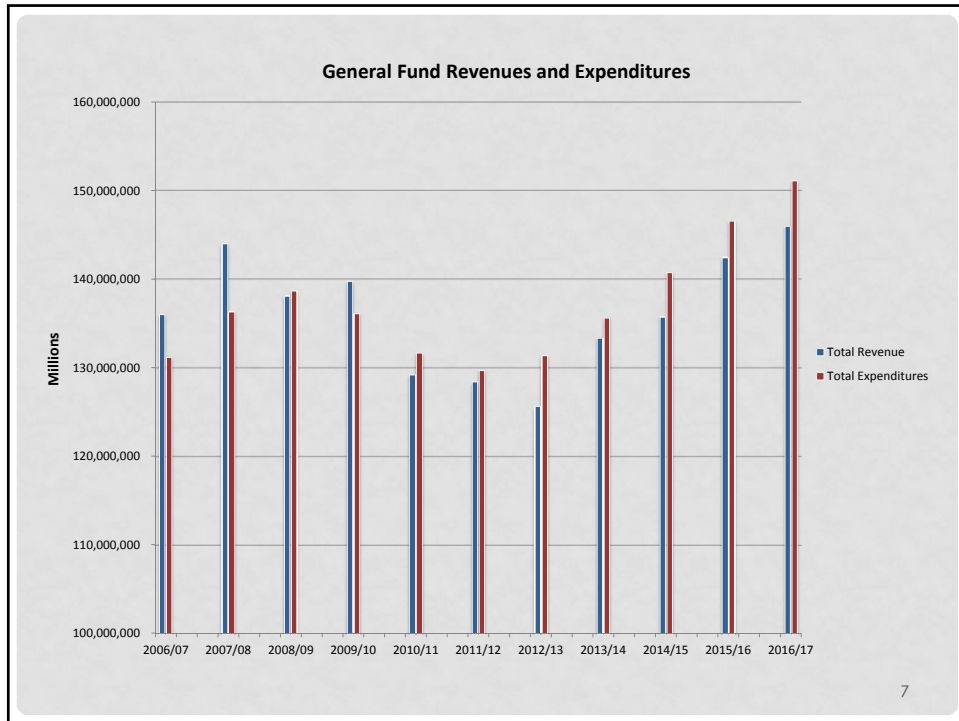
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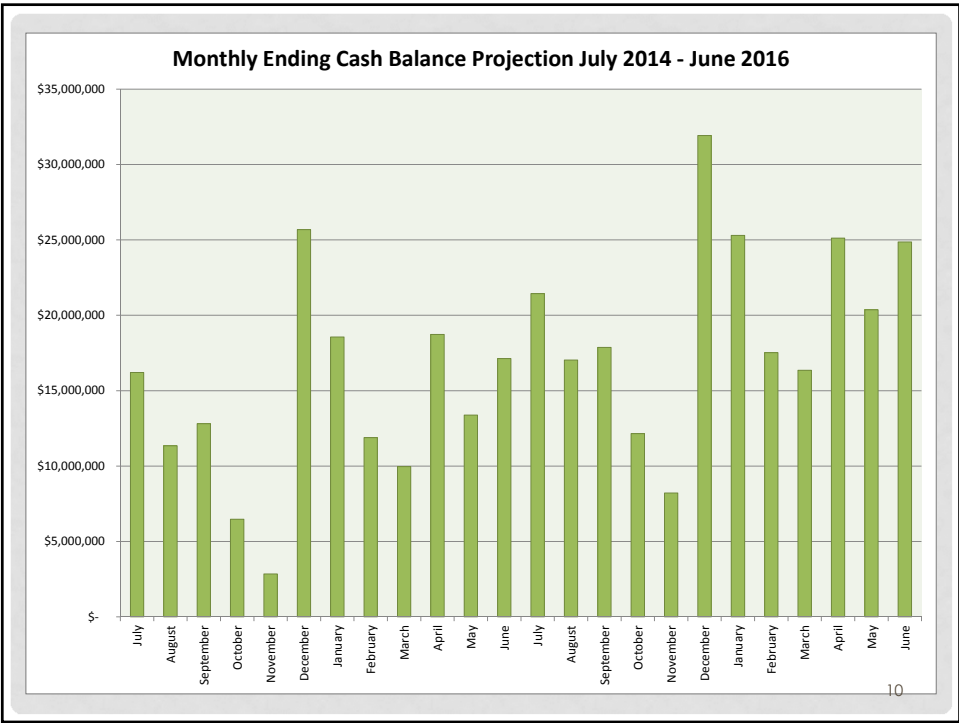
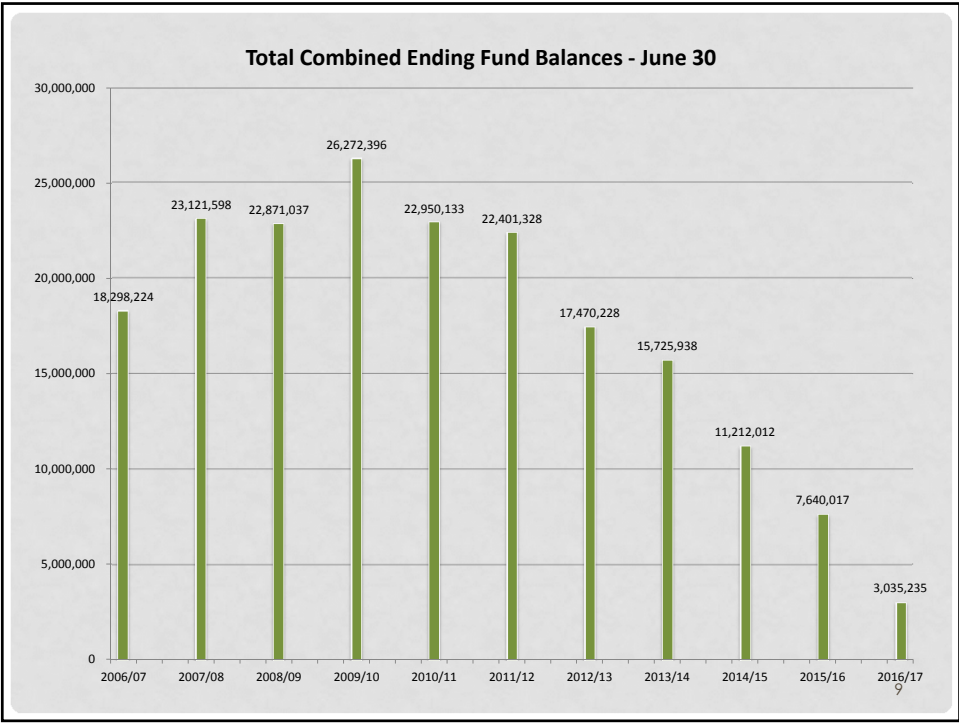
MULTIPLE YEAR PROJECTION

Description	2013/14 Estimated Actuals	2014/15 Budget Year	2015/16 Projection Year 1	2016/17 Projection Year 2
Total Revenue	\$133,410,546	\$135,794,751	\$142,512,532	\$146,031,382
Total Expenditures	\$135,654,878	\$140,814,101	\$146,589,951	\$151,141,588
Excess (Deficiency)	(\$2,244,332)	(\$5,019,350)	(\$4,077,419)	(\$5,110,206)
Total Sources and Uses	\$499,166	\$505,424	\$505,424	\$505,424
Increase (Decrease) in Fund Balance	(\$1,745,166)	(\$4,513,926)	(\$3,571,995)	(\$4,604,782)
Beginning Fund Balance	\$17,470,228	\$15,725,062	\$11,211,136	\$7,639,141
Ending Fund Balance	\$15,725,062	\$11,211,136	\$7,639,141	\$3,034,359
Components of Ending Fund Balance				
Designated/Restricted	\$8,463,310	\$6,769,584	\$7,280,683	\$8,210,230
Reserve for Economic Uncertainties (3% Reserve)	\$4,078,801	\$4,233,416	\$4,406,692	\$4,543,240
Unrestricted/Unassigned/Unappropriated	\$3,182,951	\$208,136	\$0	\$0
Total Ending Fund Balance	\$15,725,062	\$11,211,136	\$11,687,375	\$12,753,470
Projected Ending Balance Excess (Shortfall)	\$3,182,951	\$208,136	(\$4,048,234)	(\$9,719,111)
Percentage of Unrestricted Reserves to Expenditures	7.70%	3.30%	0.24%	-3.42%
Prior Year June 30, 2013, Comparison Amounts				
Decrease in Fund Balance	(\$7,977,103)	(\$8,923,429)	(\$9,123,264)	
Projected Ending Balance Shortfall	(\$1,787,878)	(\$10,680,944)	(\$19,868,895)	

See Handout – 2014/15– 2016/17 Multiple Year Projection

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PROJECTED ACCESSIBLE RESERVE BALANCES 6/30/14

<u>Fund/Description</u>	<u>Balance</u>
Unrestricted Lottery	\$2.8 m
Special Reserve (Fund 17)*	\$5.9 m
GASB 45 Set-aside (Fund 20)	<u>\$7.8 m</u>
Reserves Balance	\$16.5 m

*\$805,000 committed annually from Special Reserve Fund 17

**Unrestricted/Unassigned/Unappropriated



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COMMON CORE SPENDING PLAN

	2013-14		2014-15		Totals
	Budgeted	Encumbered/ Actual	Budgeted	Actual	
Training and Staff Development					
Voluntary Training (Furlough Days)*	\$990,000	\$803,525	\$516,475		\$1,320,000
Staff Development (District)	\$200,000	\$193,536	\$200,000		\$393,536
Staff Development (Sites)	<u>\$200,000</u>	<u>\$31,514</u>	<u>\$200,000</u>	-	<u>\$231,514</u>
	\$1,390,000	\$1,028,575	\$916,475	\$0	\$1,945,050
Technology					
Data Wiring and Infrastructure	\$200,000	\$155,675	\$100,000		\$255,675
Computers	<u>\$800,000</u>	<u>\$576,494</u>	<u>\$158,443</u>	-	<u>\$734,937</u>
	\$1,000,000	\$732,169	\$258,443	\$0	\$990,612
Totals	\$2,390,000	\$1,760,744	\$1,174,918	\$0	\$2,935,662
State Funding	<u>\$2,935,662</u>	<u>\$2,935,662</u>	<u>\$1,174,918</u>	<u>\$0</u>	-
Balance	\$545,662	\$1,174,918	\$0	\$0	

*2013/14 - \$803,525 includes first buy back day June 6th

2014/15 - \$516,475 includes second buy-back day August 6th

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EDUCATION PROTECTION ACCOUNT

- Proposition 30 (Nov. 2012)* – Prevented approximately \$7 million of planned cuts. Requirements include:
 1. Discussion of use of funds in an open meeting
 2. Amounts received/expended posted on District website
 3. Funds cannot be used for administrator salaries or other administrative costs
- 2013/14 Revenue/Expenditures \$17,755,672
 - Instructional (Certificated) Salaries
- 2014/15 Revenue/Expenditures \$15,134,847
 - Instructional (Certificated) Salaries

*Proposition 30 was passed by California voters in November 2012 and went into effect in January 2013. It raised the state's general sales tax by a quarter of a cent for four years and the income taxes for people who make at least \$250,000 by up to 3 percentage points for seven years.



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BUDGET BIGGIES



- | | |
|--|--|
| • RRM 3% (2015/16) | • Deferred Maintenance |
| • Proposition 30 Taxes <ul style="list-style-type: none"> • Sales Tax Ends 12/30/16 • Income Tax Ends 12/30/18 | • Gen. Fund Assignments <ul style="list-style-type: none"> • Athletic Transportation • Technology • Vehicle Replacement • E-Rate – Phone • Health Care Reform |
| • Site Carryover <ul style="list-style-type: none"> • Mandated Costs • Lottery • IMF | • GASB 65 |
| • Apportionment Schedule/Deferrals | • STRS Increase |
| • ROP MOE ends 6/30/15 | • PERS Increase |
| | • LCFF Restoration ≠ |

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ADDRESSING DEFICIT SPENDING

Definition - Deficit spending is the amount by which spending exceeds revenue over a particular period of time, also called the deficit, or budget deficit; the opposite of budget surplus.

Budget Deficit Elimination Plan

	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>
Ending Fund Balance	\$11,211,136	\$7,639,141	\$3,034,359
Required Ending Fund Balance	<u>\$11,003,000</u>	<u>\$11,687,375</u>	<u>\$12,753,470</u>
Projected Ending Balance Excess (Shortfall)	\$208,136	(\$4,048,234)	(\$9,719,111)
Reductions	\$2,065,620	\$2,880,620	\$2,965,620
Revenue Transfers	\$1,272,000	\$1,272,000	\$1,272,000
Inter-Fund Loan			\$1,831,349
Carryover from Prior Year	\$0	\$3,545,756	\$3,650,142
Excess (Shortfall)	\$3,545,756	\$3,650,142	\$0



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FISCAL SOLVENCY STATEMENT



In submitting the 2014/15 Budget, the Board of Trustees understands its fiduciary responsibility to maintain fiscal solvency for the current and subsequent two fiscal years.

In order to maintain multi-year fiscal solvency under current budget assumptions, the District will need to make ongoing reductions of approximately \$4.5 million in 2014/15 in order to eliminate deficit spending. In conjunction with adoption of the 2014/15 fiscal year budget, a budget deficit elimination plan to address this spending imbalance, which includes budget reductions, streamlining and efficiency measures, and potential revenue transfers will be presented to Trustees for consideration and approval.

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TIMELINE/NEXT STEPS

- June 10th
 - LCAP Presentation and Public Hearing
 - Budget Presentation and Public Hearing
- June 24th
 - Adopt 2014/15 LCAP
 - Adopt 2014/15 Budget
 - Multi-year Projection
 - Cash Flow
 - Criteria & Standards
 - District Certification
 - Workers' Compensation Certification
 - Approve Budget Deficit Elimination Plan
 - Approve Fiscal Solvency Statement



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